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Contact: Scott Mulhauser/Erin Shields
(202) 224-4515

**BAUCUS CALLS FOR MORE TOOLS TO FIGHT TAX EVASION
BY NETWORKS OF BUSINESSES**

*Finance Chairman Requested GAO Report to Examine IRS Efforts to Close Tax Gap,
Root Out Tax Evasion Using Networks*

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) called for new tools to help the Internal Revenue Service fight complex tax evasion schemes today following the release of a GAO report he requested to assess the effectiveness of the IRS's traditional enforcement programs in identifying and fighting network tax evasion. These complex schemes often involve a network of related entities (such as C and S corporations, partnerships and trusts) that is designed to hide the real owners of a business to facilitate misreporting of income, expenses and credits. The request came as part of Baucus's ongoing efforts to reduce the tax gap.

"When people skirt their tax obligations, it places an undue burden on the hardworking Americans who do pay their taxes," said Baucus. **"This report makes clear the IRS needs to develop a comprehensive strategy to fight complex tax evasion schemes and that more work is needed to close the tax gap. I intend to closely monitor the IRS's progress to make sure they have an effective strategy to root out this tax evasion and close the tax gap once and for all."**

GAO's report found the IRS's traditional examination approach of focusing on a single entity and single tax year does not align well with uncovering network-related tax evasion since these schemes oftentimes cross multiple IRS divisions. Baucus urged the IRS to adopt the GAO's recommendations for the agency to establish an IRS-wide strategy coordinating its network tax evasion efforts, assessing its network programs and tools and evaluating adding more data to its current arsenal of tools.

Baucus has long fought to close the United States tax gap, the amount of taxes legally owed to the federal government but not timely collected, estimated at \$345 billion every year. The Finance Committee has jurisdiction over U.S. tax policy, including oversight of the IRS. The full GAO report, "Tax Gap: IRS Can Improve Efforts to Address Tax Evasion by Networks of Businesses and Related Entities," can be found here: <http://www.gao.gov/new.items/d10968.pdf>.

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